



Webinar

Embracing Digitalization of Remittances in Africa

Wednesday, 20th November 2024

09:30-11:00 am (EST)

CONCEPT NOTE

I. Background and Context

Remittances represent a significant financial stream for Africa, playing a crucial role in the livelihoods of many families and communities, contributing to development and economic stability. Remittances have displayed unique strategic significance in Africa, bolstered by their resilience and increased volume over recent years. According to the World Bank,¹ Africa received almost \$100 billion in remittances in 2023. Notwithstanding their potential, they remain largely untapped. However, while remittances are a considerable source of financing, their transfer cost to Africa remains high at around 9 percent.² While remittance costs have reduced slightly over the years, mainly due to the increased adoption of mobile money transfers, they remain costly compared to global averages.

In recent years, digital remittances have gained significant traction due to the proliferation of mobile networks, the emergence of fintech startups, and initiatives promoting digital payments. As a result, the volume of remittances to Africa has been growing steadily over the past decade. The advent of digital technology has revolutionized various sectors globally, and the remittance industry is no exception. It has facilitated easier and more cost-effective transfer methods. Mobile money services, in particular, have seen a surge in usage as a major remittance channel, facilitating financial inclusion and promoting the development of an entire related ecosystem.

The transition into the digital age and the adoption of digital remittances presents a new set of challenges. From high transfer costs and regulatory challenges to cybersecurity concerns and cultural resistance, the journey toward digital

¹ World Bank, KNOMAD

² The World Bank, *Remittance Prices Worldwide*, available at <http://remittanceprices.worldbank.org>.



remittances is fraught with hurdles. Yet, understanding these challenges is the first step towards overcoming them and unlocking the potential of digital remittances, as highlighted in the recent report of the G20 Global Partnership for Financial Inclusion, "[Promoting financial inclusion through digitalization of remittances](#)" authored by IFAD. The report describes the transformative power of digital solutions to enhance financial inclusion and reduce remittance costs. It showcases best practices for digital remittance adoption, and underscores commitments to enhance remittance efficiency and customer experience.

There are indeed also significant opportunities. An upcoming policy paper by the UN Office of the Special Adviser on Africa, "Digital Remittances in Southern and Eastern Africa: From Transactions to Transformation," delves into the transformative potential of digital remittances in Southern and Eastern Africa. It explores how digital remittances, beyond mere transactional tools, can catalyze socio-economic development and financial inclusion. The paper discusses the obstacles hindering the development of digital remittances, including transfer costs, regulatory challenges, cybersecurity issues, financial literacy, cultural resistance, and preference for cash transactions. It also identifies the opportunities that digital remittances present and identifies key enablers that can facilitate the growth of digital remittances, including digital public infrastructure, innovative financial services, and active diaspora engagement. The paper concludes by proposing recommendations for the way forward, aiming to harness the transformative potential of digital remittances in Southern and Eastern Africa.

In this context, IFAD is active in Africa through the Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa ([PRIME Africa](#)) programme. In partnership with the European Union, IFAD is addressing development opportunities through digital innovations, partnerships, and scalable products that promote cheaper, faster, and safer remittance transfers both in the EU-Africa and intra-Africa corridors. By maximizing the impact of remittances for millions of families, IFAD, in partnership with selected Remittances Service Providers (RSPs), is fostering local economic opportunities in the African continent.

Against this background, the United Nations Office of the Special Adviser on Africa (OSAA) is collaborating with the International Fund for Agricultural Development (IFAD) to organize a webinar on "Embracing Digitalization of Remittances in Africa" on 20th November 2024, from 09:30 to 11:00 am (EST).



II. Objectives

The webinar aims to shed light on the considerable developmental potential of the digitalization of remittances, positioning them as pivotal contributors to Africa's development agenda. Its specific objectives include:

- Discuss the policy implications, opportunities, and challenges of harnessing digitalization of remittances for sustainable development in Africa.
- Showcase successful regulatory and operational practices adopted across African countries to facilitate smoother digital remittance flows.
- Explore avenues to leverage digital remittances for bolstering financial inclusion and resilience.

III. Expected Outcomes

- Enhanced awareness and advocacy on the pivotal role of digital remittances in shaping Africa's developmental trajectory.
- Strengthened collaborations among African policymakers, development stakeholders, and international partners to promote the use of digital remittances, fostering enhanced financial inclusion and resilience.

IV. Format and participation

The webinar, which will be hosted virtually, will last an hour and a half. It is open to a diverse array of participants, including government officials from United Nations Member States, representatives from regional African institutions, the UN system, bilateral and multilateral partners, civil society actors, private sector representatives, and academia. Simultaneous interpretation of English and French will be provided throughout the sessions.

Registration link: <https://bit.ly/remittancesafrica>